

U.S. v. Pursley, 4:18CR575 (Hughes)

Exhibit 1: Government's Proposed Direct Questions of Kerry Smith

1. State and spell your name
2. Where do you live?
3. What is your education?
4. Where are you employed
5. Are you familiar with Isle of Man Financial Trust Limited ("IOMFT")?
6. How are you familiar with IOMFT?
7. What is IOMFT?
8. Where was it located?
9. When did you work at IOMFT?
10. What was your position there?
11. When did you become the compliance officer?
12. What were your duties and responsibilities as compliance officer?
13. Are you familiar with a company called Southeastern Shipping Company Limited ("SES")?
14. How are you familiar with SES?
15. What is or was SES?
16. Was SES a client of IOMFT?
17. What did IOMFT do for SES?
18. Who at IOMFT provided services to SES?
19. What was Andrew Thomas's role with IOMFT?
20. What was Nigel Tebay's role with IOMFT?
21. What was Andrew Mellor's role with IOMFT?
22. Did you work with Andrew Mellor and Andrew Thomas directly at IOMFT?
23. Did IOMFT manage any bank accounts of SES?
24. Where were those bank accounts?
25. Who were the signatories on the RBS account?
26. Who were the signatories on the BSI account in Switzerland?
27. Are you familiar with someone by the name of Shaun Mooney?
28. How are you familiar with him?
29. When did you learn of Shaun Mooney?
30. Are you familiar with a company called Pelhambridge Ltd.?
31. What was Pelhambridge Ltd.?
32. Who had IOMFT been treating as the beneficial owner of SES?
33. Who had IOMFT been treating as the beneficial owner of Pelhambridge?
34. Who was IOMFT's primary contact with respect to the business operations of SES?
35. Who was IOMFT's primary contact with Mooney regarding financial issues of SES and Pelhambridge?
36. Govt. Ex 1-27 – do you recognize this document?
37. What is it?
38. What is the date of the form?
39. Who is Marie Clarke?
40. What is an "FSP Source of Wealth Form" used for?
41. Who is identified as the beneficial owner of Pelhambridge Ltd on this form?

42. According to the form, how long had Shaun Mooney been a client of IOMFT?
43. Who is Emma Watson?
44. Do you sign this form?
45. Show Govt. Ex. 2-10 – do you recognize this document?
46. What is it?
47. What is an FSP Company Review Form used for?
48. What is the date of the form?
49. Who is listed as the administrator of Pelhambridge?
50. According to this form, who is the beneficial owner of Pelhambridge?
51. Show Govt. Ex. 2-71 – do you recognize this document?
52. What is it?
53. What is the date of the minutes?
54. What is the purpose of meeting minutes, to your knowledge?
55. Who is Lisa Jude?
56. Turning to the second page, what is this document?
57. What is the purpose of an engagement letter?
58. Who is listed as the owner of Pelhambridge?
59. Sometime in or about April 2009, did you or one of your colleagues contact Shaun Mooney regarding his account with IOMFT?
60. Who contacted Shaun Mooney?
61. Why?
62. How was he contacted?
63. Did you have concerns about the beneficial ownership of SES and Pelhambridge?
64. What were your concerns?
65. Did you voice your concerns to anyone inside of IOMFT?
66. To whom?
67. Did you have conversations with them around this time about the beneficial ownership of SES and Pelhambridge and your concerns?
68. What caused or prompted your concern about the beneficial ownership of SES and Pelhambridge?
69. Did you meet with Mr. Mooney in the Isle of Man sometime in April 2009?
70. Whose idea was it to have that meeting?
71. Who was at the meeting?
72. Where did the meeting take place?
73. What did you say to Shaun Mooney in that meeting?
74. How was it left at the end of the meeting?
75. Did there come a time in May 2009 when you met Jack Stephen Pursley?
76. What did you know of Mr. Pursley before you met him?
77. Was this the first time you had met him in person?
78. Where was the meeting?
79. Who attended the meeting?
80. How did that meeting come about?
81. What did you discuss during that meeting?
82. As a result of the meeting, did you arrive at an action plan with Mr. Pursley?
83. Did Shaun Mooney approve of this action plan?
84. What was the goal of the action plan?

85. Show Govt. Ex. 2-31 – do you recognize this document?
86. What is it?
87. Do you recognize the attachment?
88. What is it?
89. Paragraph 1 of the action plan references a consulting agreement between SES and Shaun Mooney at that meeting - whose idea was it to create a consulting agreement?
90. What was the purpose of such a consulting agreement for Shaun Mooney?
91. Was a consulting agreement actually created?
92. Who drafted the consulting agreement?
93. Did you discuss backdating the consulting agreement with anyone?
94. Who did you discuss this with?
95. What was the sum and substance of that discussion?
96. Who came up with the steps of the action plan that are listed in the file note?
97. Several of the action plan steps involve a man identified as Eduard Venerable?
98. What did you know about Eduard Venerable at that time?
99. What did Mr. Pursley tell you about Eduard Venerable at the meeting?
100. What is the acquisition agreement identified in paragraph 4?
101. Who was acquiring what, per that agreement?
102. What did you tell Pursley about the need for IOMFT to approve any plans for the purchase of SES?
103. Did this mean that you would not allow money to be transferred out of SES's RBS account pursuant to a purchase of the company without your approval?
104. Why was this the case?
105. The notes says that contact is to be made with Venerable; did Pursley tell you that he would contact Venerable?
106. Did Pursley tell you where Venerable was?
107. Where was that?
108. Did he tell you what Venerable did for a living? What was that?
109. What did Mr. Pursley tell you Venerable's relationship was to Shaun Mooney?
110. Was Venerable ever a signatory on the SES bank accounts, to your knowledge?
111. Who was to be appointed as attorney for Shaun Mooney, according to paragraph 9?
112. Show Govt. Ex. 2-22 – do you recognize this?
113. What is it?
114. Who was in attendance at this meeting?
115. What discussion did you have with Mr. Pursley about any tax consequences with respect to the funds in the SES or Pelhambridge accounts?
116. Did Pursley tell you anything else about the tax consequences to moving money from the Isle of Man to the United States?
117. Did Pursley discuss any tax consequences that might come to himself as a result of the transfers?
118. Did Pursley attempt to convince you that Venerable was the true owner of SES?
119. What did he say with respect to this?
120. Paragraph 7 states that you have always treated Mooney as the beneficial owner of SES; is this true?
121. Why was this?
122. What discussions did you have with Mr. Pursley about the true value of SES at that time?

123. How much money was held in SES's RBS account at the time?
124. Paragraph 7 also indicates that you discussed an acquisition agreement with respect to the purchase of SES at this meeting -- did Mr. Pursley provide you with a copy of this contract?
125. Did you ask for a copy?
126. How did you leave the meeting with Mr. Pursley?
127. Did you have a telephone conversation with Eduard Venerabile the next day, on May 28, 2009?
128. Show Govt. Ex. 2-32 -- do you recognize this document?
129. What is it?
130. Where was Mr. Venerabile when you spoke with him on May 28th?
131. What did you tell Mr. Venerabile about who IOMFT had been treating as the beneficial owner?
132. What did you say to him about the financial position of SES?
133. Were you having regular email communication with Pursley to complete the action plan?
134. Show Govt. Ex. 2-33, 12-36, 12-46, 12-37, 12-7, 4-49, 12-35, 4-180, 2-28 -- do you recognize these emails?
135. Was email your primary method of communication with Mr. Pursley?
136. Did you also have telephone conversations with him?
137. How often did you have telephone conversations with Pursley?
138. Show Govt. Ex. 2-29 -- do you recognize these documents?
139. What did you discuss in the June 6, 2009 telephone call?
140. Why were you discussing your traveling to Brazil?
141. What did you discuss about the ownership of Pelhambridge?
142. What did you tell Mr. Pursley about why Shaun Mooney was set up as the owner of Pelhambridge?
143. Who did Steve Pursley tell you the owner of Pelhambridge was?
144. Did that comport with the records of IOMFTL?
145. Were you in direct contact with Mooney during that time?
146. How often?
147. Govt. Ex. 4-180 refers to a stock transaction -- what did you understand this stock transaction to be?
148. Do you know Charles Gillis?
149. Have you ever met him? At that point, had you ever spoken with him on the phone?
150. Did you have any role with respect to the transfers out of the SES account to the United States?
151. How did you know what account to transfer the money to?
152. How did you know the amount of money to transfer?
153. Show Govt Ex. 12-40 -- do you recognize this document?
154. What is it?
155. Turning to Bates number Pursley-000612, what is this document?
156. According to this document, who is going to act on behalf of Eduard Venerabile?
157. Show Govt. Ex. 12-45 and 12-6 -- do you recognize these emails?
158. What are these about?
159. Did you in fact meet with Steve Pursley in August of 2009?
160. Where did that meeting take place?
161. Who was present at that meeting?

162. What was the purpose of that meeting?
163. What did you discuss at that meeting?
164. At some point did you learn that the acquisition agreement contract was not going to proceed?
165. Did you have a discussion with Mr. Pursley about this?
166. When?
167. Where?
168. What did Mr. Pursley tell you as to why the contract was not going to be finalized?
169. What is your understanding of how the money was going to be used once it went to the United States?
170. When did you first hear that the money would be used to invest in real estate?
171. Was this part of the original plan with respect to the acquisition agreement with Mr. Pursley?
172. Was a new plan put in place?
173. What was your understanding of the new plan?
174. Are you familiar with a company called Australian Partners Holding Corp?
175. What is your understanding of the functioning of this company?
176. Show Govt. Ex. 4-110 – do you recognize this document?
177. What is it?
178. What was your understanding of Mr. Gillis's role with respect to the new plan?
179. Show Govt. Ex. 4-117 – do you recognize this document?
180. What is it?
181. This exhibit contains emails between you and Pursley; the email at the top of page one from you to Pursley on 8/26/2009 at 10:31 am states that "ultimate ownership is changing from Eduard to APHL" – what did this mean?
182. At this time, was IOMFTL now identifying Eduard Venerabile as the owner of SES?
183. Based on what?
184. Show Govt. Ex. 1-38 – do you recognize this document?
185. What is it?
186. On Page 4, "cancelled" with a line across the page is written in; did you write this?
187. Why?
188. So you changed the ownership of Pelhambridge from Mooney to Venerabile?
189. Did Pursley ask you to do this?
190. What reason did he give for this?
191. On Page 6, is this your handwriting?
192. Who gave you the information that's written there?
193. On Page 19, is this your handwriting?
194. Who gave you the information that's written there?
195. Page 26 appears to be a typed note to the file.
196. Do you recognize this document?
197. Did you compose this document?
198. Show Govt. Ex. 1-141 - do you recognize this?
199. What is it?
200. Is this the know your client ("KYC") document on file with IOMFT for Pelhambridge?
201. What is the purpose of such documentation?
202. What is your role with respect to the KYC documentation?

203. Who is now identified as the beneficial owner of Pelhambridge?
204. Turning to the last page of the document, do you recognize the handwriting?
205. Whose is it?
206. What is the purpose of this note?
207. Where did you see this passport?
208. Show Govt. Ex. 2-75 – do you recognize this document?
209. What is it?
210. Why did you need to get KYC on Steve Pursley?
211. Show Govt. Ex. 12-5, 4-118, 12-43, 12-48, 12-4 and 12-41 – do you recognize these emails?
212. In August and early September 2009, you were still obtaining KYC documents, correct?
213. And you were also planning a trip to the Bahamas?
214. What was the purpose of that trip?
215. Who were you going to meet?
216. Who was paying for the trip?
217. Who suggested the Bahamas?
218. Did you in fact go to the Bahamas?
219. Who went with you from IOMFT?
220. Where did you stay?
221. How many meetings did you have?
222. Who did you meet with?
223. Describe the meeting(s)
224. How long did the meeting(s) last?
225. Who spoke at the meeting(s)?
226. What did Mr. Pursley say at the meeting(s)?
227. Did you meet with Shaun Mooney while you were down there?
228. Do you know if he was in Bahamas at that time?
229. How do you know that?
230. Did you discuss ownership of SES on this trip?
231. Who did you discuss it with?
232. Who was present when you were discussing the ownership of SES?
233. What did Pursley say about who owned the company?
234. Show Govt. Ex. 1-51 – do you recognize this?
235. What is it?
236. Bottom of this exhibit says that over the next several months there will be “further dividend requests and those monies will be invested in a series of new companies”; at this point, IOMFT had already transferred 3.26M from the SES RBS account to Gillis’s IOLTA account, correct?
237. What did you understand the further requests for dividends to be allotted for?
238. You called these investments – who was investing in what, to your knowledge?
239. Show Govt. Ex. 2-30 – what is this document?
240. What was the purpose of “build[ing] a client profile?”
241. Show Govt. Ex. 2-35 – do you recognize this document?
242. What is it?
243. What was the purpose of creating a consulting agreement for Eduard Venerabile?
244. Show Govt. Ex. 2-37 – do you recognize this document?

- 245. What is it?
- 246. What is the date of this email?
- 247. Govt. Ex. 2-38
- 248. What is this document?
- 249. Why was there a need for Venerabile to have consulting agreements with both SES and Pelhambridge?
- 250. Do you know whether in fact he was paid any money out of the SES or Pelhambridge accounts at Royal Bank of Scotland?
- 251. At whose direction, if you know?
- 252. Show Govt. Ex. 2-23 – do you recognize this document?
- 253. What is it?
- 254. Are those your initials?
- 255. What was Steve Pursley’s request with respect to Venerabile’s consulting agreement payments?
- 256. What was the issue with respect to the ability of Pelhambridge to make the requested payments?
- 257. What did you understand Mr. Mellor’s reference that “funds should be converted if necessary”?
- 258. Show Govt. Ex. 2-68 – do you recognize this document?
- 259. What is it?
- 260. What was Steve Pursley’s request with respect to the payments to Mr. Venerabile?
- 261. Did IOMFTL honor that request to your knowledge?
- 262. Show Govt. Ex. 2-72 – what is this document?
- 263. What is the date of the meeting minutes?
- 264. What is attached?
- 265. What is the purpose of approving a document like the unanimous written consent of the shareholders?
- 266. Did you have any role in the approval of these documents?
- 267. Do you know who C. Brown is?
- 268. Do you know who A. McNee is?
- 269. Show Govt. Ex. 2-73 – do you recognize this document?
- 270. What is it?
- 271. What is the date of these meeting minutes?
- 272. What was the purpose of writing off the loan from Pelhambridge to Southeastern Shipping?
- 273. Who signed these minutes?
- 274. Show Govt. Ex. 2-13 – do you recognize this document?
- 275. What is it?
- 276. Turning to Bates number ending 407, what is the balance shown on March 1, 2010 at the top of the page?
- 277. What was the balance show on 12/20/2012?
- 278. Are the three dividend payments to Australian Partner also show there?
- 279. Were you aware that in 2007, 2008, and 2009, there were three large transfers of funds out of the SES RBS account to an account in the name of Diversified Land Holdings (by way of either the IOMFT client trust account or an account in the name of Pelhambridge)?
- 280. What did you understand Diversified Land Holdings Inc. to be?

281. Who did you understand the owner to be?
282. Did you understand that any of these transfers were going to be for the benefit of Pursley?
283. Have you heard of a United States corporation called Gulf States Management Corp?
284. Who owns Gulf States?
285. Were you employed by IOMFT in 2007?
286. If not, were you aware of these prior transfers?
287. Did there come a time when IOMFT was sold to another company?
288. When was that?
289. What was the name of the company that bought IOMFT?
290. What was the business of Boston Limited?
291. Did you go to work for Boston Limited?
292. What was your job there?
293. What were your duties and responsibilities in that position?
294. Please review the following records provided to the United States government by Isle of Man Financial Trust Limited -- IOMFTL-GPC-001-000001 through IOMFTL-GPC-001-000004 and IOMFTL-GPC-002-000001 through IOMFTL-GPC-014-000326.
295. Do you recognize these documents?
296. Were they created at or near the time of the events that they depict, by someone with knowledge of those events?
297. Were these records made and kept in the course of regularly conducted business activity of Isle of Man Financial Trust Limited?
298. Were these records routinely made and kept in the course of business of Isle of Man Financial Trust Limited?
299. Were these records made at or near the time of the event they record?
300. Were these records made by a person with knowledge, or from information transmitted by a person with knowledge, and who reported such knowledge in the regular course of business?
301. Please review the following records provided to the United States government by Boston Limited: BL-DEPOSITION-000001 through BL-DEPOSITION-000004 and BL-FILE 1-000001 through BL-IOMFT FILE 3-000243.
302. Do you recognize these documents?
303. Were some of the business records of Isle of Man Financial Trust Limited transferred to Boston Limited?
304. Were they created at or near the time of the events that they depict, by someone with knowledge of those events?
305. Were these records made and kept in the course of regularly conducted business activity of Isle of Man Financial Trust Limited ?
306. Are these records routinely made and kept in the course of business of Isle of Man Financial Trust Limited?
307. Were these records made at or near the time of the event they record?
308. Were these records made by a person with knowledge, or from information transmitted by a person with knowledge, and who reported such knowledge in the regular course of business?